

Co-Sponsors: Data Center Coalition, Aligned Data Centers, Amazon Data Services, Equinix, Google, Meta, and Vantage Data Centers

Draft Problem / Opportunity Statement: *Bring Your Own New Generation (BYONG) Framework for Large Load Additions*

Problem / Opportunity Statement

PJM is experiencing rapid growth in requests to interconnect large electric loads, particularly from data centers. Many of these projects could increase system demand significantly within relatively short timeframes.

Federal and state policymakers have recently articulated clear principles regarding how large load growth should occur. The White House's ratepayer protection pledge and the joint NEDC / White House / PJM Governors Statement of Principles both emphasize that rapid load growth should be accompanied by new energy supply and should not shift costs or reliability risks onto existing customers.

To effectuate these policy commitments, PJM must establish a clear and commercially workable pathway that allows large load developers to pair incremental demand with new generation resources within PJM's market and reliability constructs. Stakeholders and policymakers have increasingly identified "Bring Your Own New Generation" (BYONG) as a potential mechanism to operationalize this principle by allowing large loads to bring new supply resources to meet their incremental demand.

A clearly defined BYONG framework would provide the market structure necessary for large load developers—including data center developers—to align their projects with the policy expectations articulated by federal and state leaders. In particular, it would enable developers to ensure that new demand growth is supported by new supply resources, consistent with the shared objective of enabling economic growth while protecting existing ratepayers from unintended cost shifts.

BYONG is a pathway that can enable large load development to proceed in a manner consistent with these policy commitments. Under this concept, new generation associated with large load additions would contribute to maintaining PJM's resource adequacy and reliability margins associated with incremental demand growth.

While the concept of BYONG has been referenced in recent PJM discussions and Board communications related to large load additions, the PJM Tariff, Operating Agreement, and Manuals do not currently contain a comprehensive framework that defines how BYONG resources would be recognized, verified, or integrated into PJM markets and operations.

This lack of clarity creates uncertainty for load developers, generation developers, and Load Serving Entities that are actively evaluating arrangements to pair new generation

with large load additions. **Absent clearly defined rules, stakeholders cannot confidently structure commercial agreements or investment decisions related to BYONG resources, eliminating a potentially valuable pathway to resolve PJM's resource adequacy challenges.**

Several key elements required for a workable BYONG framework remain undefined, including:

- What constitutes “new” generation eligible to offset incremental load growth;
- What contractual arrangement is needed between such resources and the associated large load;
- How BYONG resources would be verified relative to incremental load additions including over a new facility ramp period;
- Whether and how BYONG resources can satisfy capacity obligations associated with load included in the PJM load forecast or capacity market; and
- How large loads demonstrate that associated BYONG resources provide sufficient accredited capacity to offset incremental demand, including the applicable accreditation metric, the treatment of changes in ELCC values and reserve margin requirements, and the timeframe over which resource adequacy must be maintained.

Given the pace of large load development and the timelines required to finance and construct new generation resources, stakeholders require timely clarity regarding the potential rules governing BYONG arrangements.

Accordingly, PJM and stakeholders have the opportunity to evaluate whether a standardized BYONG framework for large load additions should be developed and to identify the Tariff, Operating Agreement, and Manual provisions necessary to support such arrangements in a transparent, consistent, and reliable manner.